

MINUTES

Wasatch Mt. Railway Company

March 16, 1972

Meeting of the Board of Directors held March 16, 1972 at the Ashton Oil and Transportation Co. Office. President Lowe Ashton, acted as chairman of the meeting. Those board members attending were Del Wallengren, J. R. Edwards, Wesley R. Budd, J. D. Boggess, M.D., William E. Sweeney, and R. Raymond Green, M.D. Others present were C. H. Nielson and Edward McLaughlin.

In July 1971, the Board passed a motion that the directors each loan to the Company \$2,000.00 with no options, 9% interest bearing. Since that time, each individual has elected to transfer the \$2,000.00 note to stock.

Bill Sweeney made the motion that all interest payments due to the members of the Board from the \$2,000.00 note be waived. Wesley R. Budd seconded the motion, all approve.

Management is considering having a concessionaire take over the gift and novelty business in the terminal building. Three prospective concessionaires have submitted their ideas. They are: (1) Arthur J. Peterson & Arthur M. Clark. They have both been on the wholesale end of the business only - not the retailing. They propose to have the Company provide the furniture and fixtures as well as install air conditioning to the depot area. They will pay the Company 6% of their gross sales. (2) John & Rebecca Armstrong - At present they are the owners and operators of the Little Bell Boutique in Park City. Mr. Armstrong is a journeyman carpenter and would provide the furniture and fixtures at their expense. If they do not lease the operation next year, the Company would buy back the fixtures at 80% of their value. They will agree to pay the Company 8% of the gross sales. (3) Screen Graphics - Lou Nackos & Charles Nackos. At present they own Screen Graphics, a screen printing business in Springville, Utah. They will provide and install the required equipment and fixtures. They submit a bid of 6 - 9 percent of the gross sales.

Dr. J. D. Boggess made the motion that the Company enter into a one year agreement with a gift and novelty concessionaire at the terminal area with no Company obligations. Compensation to the Company will be based on a percentage of the gross sales. President Lowe Ashton will make the decision as to who the concessionaire will be. Dr. R. R. Green seconded the motion, all approve.

Discussion was held about Del's proposal for the Night Club Cars: (see previous written presentation). After several hours of discussion, the Board was unable to come to any agreement with Del Wallengren.

The Board unanimously agreed in the validity of the concept of dining facilities on the train. Although not brought to vote, the indication was that the Board was also willing to guarantee the purchase of the cars.


A motion was made by W. E. Sweeney to have the Company offer to purchase the cars for Del's net cost of acquisition, not including any factor for time. Payment by the Company to be cash, investment stock, or a combination of cash and stock at Del's option, payable as soon as the funds are available and subject to further examination and approval by Mr. Covey of Prince-Covey & Company. The motion was seconded by Dr. J. D. Boggess.

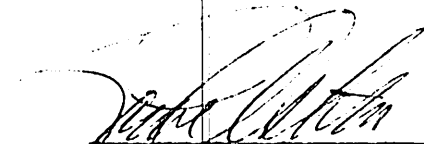
Richard Brown, the Company stock attorney, was consulted. He said it was a thoroughly defensible transaction to give Del the three options of payment if the Company purchased the cars at accountable cost.

Before the vote was taken, Del indicated that the motion was not acceptable to him, but that he felt he needed an additional guarantee, if the payment was not made in a year, payment would be based on an appraised value or cost, whichever was greater. Del also wanted a minimum of a three year lease with a right of first refusal for an additional three years, on the basic terms as set out in his proposal. Since it was obvious that Del would not accept the motion as made, it was not voted upon.

There was some indication from some members that the Company could probably agree to Del's desire for appraised value or cost whichever was greater if the cars were not paid for after a year. The Company could borrow funds to avoid appraisal costs. But the attitude of the Board was that the risk was too great to give a long term lease to anyone at this time because of the unknowns of total amount of money that might be required, the lack of knowledge of just how much this new concept might increase the actual total operating costs of the Company, and until the current excursion runs are adequately under control and funds are available to assure the Company's future as to track and equipment. The maximum exposure the Board was willing to risk was the purchase of the cars at this time. Factors such as unknown investment in equipment, moving costs, decor, actual operating costs, wear and tear on track, engine facilities etc.etc., all were brought up as factors making the operation too risky to allow long term commitments.

After four and one-half hours of discussion, the meeting adjourned as there were not enough board members left to constitute a quorum.


Secretary


President